

BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

IN RE:	J. W. Window Components, Inc.)	
	Dist. 9, Map 35, Control Map 35, Parcel 59)	Carter County
	Industrial Property)	
	Tax Year 2006)	

INITIAL DECISION AND ORDER

Statement of the Case

The subject property is presently valued as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$513,800	\$2,992,800	\$3,506,600	\$1,402,640

An appeal has been filed on behalf of the property owner with the State Board of Equalization. The undersigned administrative judge conducted a hearing in this matter on May 9, 2007 in Johnson City, Tennessee. In attendance at the hearing were registered agent Larry Burks, Gerald Holy, Carter County Property Assessor, and Ronnie Taylor.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of a 25 acre tract improved with a manufacturing facility located at 193 Judge Don Lewis Road in Elizabethton, Tennessee. Subject building contains 193,500 square feet of base area and 6,000 square feet of office. Subject building originally contained approximately 160,000 square feet when constructed in 1973. An addition with almost 40,000 square feet was constructed in 1994.

The taxpayer contended that subject property should be valued at \$10.00 per square feet or approximately \$2,000,000. In support of this position, five comparable sales were introduced into evidence. Mr. Burks maintained that the comparables support a value indication of \$10.00 per square foot for the subject after adjustments.

The assessor contended that subject property should be valued at a minimum of \$3,506,600. In support of this position, Mr. Holly testified concerning subject property's appraisal history and introduced the various property record cards. According to Mr. Holly, the current appraisal of \$3,506,600 did not include the addition built in 1994. The addition has been added for tax year 2007 resulting in a value of \$3,900,700.

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

General appraisal principles require that the market, cost and income approaches to value be used whenever possible. Appraisal Institute, *The Appraisal of Real Estate* at 50

and 62. (12th ed. 2001). However, certain approaches to value may be more meaningful than others with respect to a specific type of property and such is noted in the correlation of value indicators to determine the final value estimate. The value indicators must be judged in three categories: (1) the amount and reliability of the data collected in each approach; (2) the inherent strengths and weaknesses of each approach; and (3) the relevance of each approach to the subject of the appraisal. *Id.* at 597-603.

The value to be determined in the present case is market value. A generally accepted definition of market value for ad valorem tax purposes is that it is the most probable price expressed in terms of money that a property would bring if exposed for sale in the open market in an arm's length transaction between a willing seller and a willing buyer, both of whom are knowledgeable concerning all the uses to which it is adapted and for which it is capable of being used. *Id.* at 21-22.

After having reviewed all the evidence in the case, the administrative judge finds that the subject property should be valued at \$2,000,000 in accordance with Mr. Burks' sales comparison approach.

Since the taxpayer is appealing from the determination of the Carter County Board of Equalization, the burden of proof is on the taxpayer. See State Board of Equalization Rule 0600-1-.11(1) and *Big Fork Mining Company v. Tennessee Water Quality Control Board*, 620 S.W.2d 515 (Tenn. App. 1981).

The administrative judge finds Mr. Burks' sales comparison approach was sufficient to establish a prima facie case. Respectfully, the administrative judge finds that the assessor introduced insufficient evidence to rebut that prima facie case. The administrative judge finds that the assessor did not introduce a sales comparison, cost or income approach into evidence. The administrative judge finds that the property record card standing by itself does not constitute sufficient proof to rebut a prima facie case. The administrative judge finds this especially so when dealing with an older manufacturing facility.

ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2006:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$513,800	\$1,486,200	\$2,000,000	\$800,000


It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or
3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 17th day of May, 2007.



MARK J. MINSKY
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

c: Mr. Larry W. Burks
Gerald Holly, Assessor of Property